

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1) and 11(2)(h) read with Regulations 11(5) and 32 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

On Application filed by Digvijay Laxhamsinh Gaekwad (Danny Gaekwad Developments & Investments, Florida)

In the matter of Religare Enterprises Limited

Background:

1. Religare Enterprises Ltd. ("REL" / "Target Company") is a listed Core Investment Company (CIC) registered with the Reserve Bank of India (RBI) as a Non-Deposit taking Non-Banking Financial Company ("NBFC"). REL is listed on BSE, NSE and under Permission to Trade category on Metropolitan Stock Exchange of India. REL is a company with no identifiable promoter.
2. M.B. Finmart Private Limited, Puran Associates Private Limited, VIC Enterprises Private Limited and Milky Investment & Trading Company (collectively referred to as "**Burman Group**") are public shareholders of the Target Company. The Burman Group, which was holding 21.54% equity shares of REL, proposed to buy from the market up to 5.27% of equity shares of REL, at a price of not more than Rs.235 per equity share, on September 25, 2023.
3. The said proposed market purchase order, which was subject to receipt of relevant approvals from various regulatory authorities, would have increased the shareholding of the Burman Group beyond 25%, as a result of which they were obligated to make an open offer to the shareholders of the Target Company, in terms of Regulations 3(1) and 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations, 2011**"). Accordingly, public announcement dated September 25, 2023 was made under Regulation 3(1) and 4 of SAST Regulations, 2011 by the Burman Group, for

acquiring up to 9,00,42,541 fully paid-up equity shares of face value of Rs.10 each, representing 26% of the Expanded Voting Share Capital to be acquired at a price Rs.235 per equity share. The Detailed Public Statement (DPS) for acquiring the shares was made by the Burman Group on October 04, 2023.

4. While the Burman Group attempted to obtain the requisite regulatory approvals in order to discharge the open offer obligations under SAST Regulations, 2011, the management of REL failed to extend the required cooperation in this regard. Consequently, SEBI, vide order dated June 19, 2024, inter alia, directed REL to make necessary applications for obtaining the required regulatory approvals. Subsequently, after grant of approval by SEBI and RBI in December, 2024, the Burman Group proceeded with the open offer process. The tendering period opened on January 27, 2025, which was to close on February 07, 2025.
5. In the meantime, Digvijay Laxhamsinh Gaekwad (Danny Gaekwad Developments & Investments, Florida) ("**the Applicant**") submitted a letter dated January 24, 2025 read with letter dated January 26, 2025 to SEBI through REL. Vide the said letters, the Applicant, inter alia, requested SEBI to grant requisite exemption from strict enforcement of Regulation 20 of the SAST Regulations, 2011 to allow the Applicant to make a competing offer for 55% of outstanding equity share capital of REL, at a price of Rs.275 per equity share.
6. As the abovementioned letters were not an exemption application in terms of Regulation 11 of the SAST Regulations, 2011, SEBI vide letter dated January 28, 2025 returned the said letters to the Applicant, through REL.
7. Subsequently, the Applicant, vide letter dated February 01, 2025 (received by SEBI vide email dated February 02, 2025) submitted an application ("**the Application**") under Regulation 11(1) of SAST Regulations, 2011 seeking exemption from strict enforcement of Regulations 20(1) and 20(5) of the SAST Regulations, 2011 with respect to the proposed competing offer. The payment of prescribed fee was made by the Applicant only after SEBI sought for the details relating to payment of fee in terms of Regulation 11(4) of the SAST Regulations, 2011. In the Application, the Applicant, inter alia, stated his willingness to submit competing open offer for 55% of outstanding share capital of REL at price of Rs. 275 per share and requested SEBI to allow the Applicant to make public announcement of competing offer in larger interest of public

shareholders of REL. The Applicant further requested SEBI to issue directions to keep the Burman Group's open offer in abeyance to enable public shareholders to tender their shares in both, i.e., the Burman Group's open offer as well as the competing offer made by the Applicant.

8. In the meantime, a Writ Petition, viz., *Sapna Govind Rao vs. Union of India & Ors. [WP (Civil) No. 727 of 2025]* was filed in Hon'ble High Court of Delhi by Ms. Sapna Govind Rao ("**the Petitioner**"), a holder of 500 shares of REL, praying for a stay on the open offer by the Burman Group. The matter was heard on February 04, 2025.
9. During the hearing, the Hon'ble High Court was informed about receipt of aforementioned application of the Applicant by SEBI. The Hon'ble High Court, vide an interim order dated February 04, 2025 directed SEBI to decide on the Application filed by the Applicant within shortest possible time in accordance with law and further directed that the process of open offer made by the Burman Group shall continue and same shall be subject to outcome of the proceedings before the Hon'ble High Court.
10. The Petitioner in the abovementioned proceedings filed appeal [*Sapna Govind Rao vs. Union of India & Ors. - Civil Appeal arising out of Special Leave Petition (SLP) (C) No. 3726 of 2025*] before the Hon'ble Supreme Court of India praying for leave to appeal against the interim order dated February 04, 2025 passed by the Hon'ble High Court of Delhi. The Petitioner, inter alia, sought interim relief of grant of ex-parte ad-interim stay on the open offer initiated by the Burman Group, pending the final adjudication of the SLP, and a direction to SEBI and RBI to consider and adjudicate upon the competing offer of Rs. 275 per share submitted by the Applicant.
11. Simultaneously, the Applicant filed an appeal [*Digvijay Laxhamsinh Gaekwad (Danny Gaekwad) vs. Sapna Govind Rao & Ors. – Civil Appeal arising out of SLP (C), @ Diary No. 6576/2025*] before the Hon'ble Supreme Court, inter alia, seeking a leave to appeal against the abovementioned order dated February 04, 2025 passed by the Hon'ble High Court of Delhi. The Applicant sought stay of operation of interim order and open offer of the Burman Group till the disposal of the appeal.

12. The Hon'ble Supreme Court, after hearing all the parties on facts, disposed of both the appeals vide an order dated February 07, 2025 and directed the following:

“1. The appellant, Digvijay Laxhamsinh Gaekwad (Danny Gaekwad) or their nominee/applicant before SEBI, as suggested by his counsel, shall deposit a sum of ₹600 crores in terms of the 2011 SEBI Regulations, in the form of cash and/or bank guarantee, on or before 12.02.2025. In case the amount is not deposited by the said date, the directions in the present order shall be automatically vacated without further reference to the Court.

2. The public offer, which is to close today, will be continued till 12.02.2025. In case the appellant, Digvijay Laxhamsinh Gaekwad (Danny Gaekwad) or their nominee/applicant before SEBI, deposits ₹600 crores in terms of the 2011 SEBI Regulations, the offer will continue till the end of third day post the date of the order to be passed by SEBI on the application of the appellants.” (Emphasis supplied)

13. Subsequently, pursuant to a Miscellaneous Application (Diary No. 7916/2025 in Civil Appeal No. 2197/2025) file by the Applicant, the Hon'ble Supreme Court, vide an order dated February 12, 2025, directed the following:

“Without going into these controversies, we permit the applicant to deposit 600 crores by way of transfer to a bank account nominated by the RBI. To enable the applicant to deposit the money by 02.00 p.m. (Indian Standard Time) on 13.02.2025, we direct the RBI to permit such deposit by giving details of an appropriate bank account as well as the SWIFT number immediately, so as to enable the applicant to transfer the amount in terms of this order by 02.00 p.m. (IST) tomorrow, i.e., 13.02.2025.

We, however, clarify that except this modification to the above extent, the other terms and conditions mentioned in the order dated 07.02.2025 shall remain unaffected.”

14. In the meantime, in respect of the Application filed by the Applicant, a personal hearing for the Applicant was scheduled to be held on February 12, 2025 at SEBI, which was later rescheduled to February 14, 2025, due to the Applicant's request for a virtual hearing at a suitable time considering time zone difference

between India and the United States of America. The Applicant failed to attend the hearing this morning, even though the web link for virtual hearing was sent to him on February 13, 2025 at 12:35 IST. However, Mr. Uday S. Patil, Executive Director, and Nipun Lodha, Director, of the Applicant's Merchant Banker, PL Capital Markets Pvt. Ltd., was present before me in person for the hearing.

Consideration of the Application by SEBI:

15. At the outset, I note that the Applicant has made the Application under Regulation 11(1) of the SAST Regulations, 2011 which pertains to grant of exemption from requirement of making open offer. However, the exemption sought by the Applicant does not pertain to seeking relief from making open offer but for allowing him to make competing open offer. Even though the Application made by the Applicant is not covered under Regulation 11(1), I have considered the Application, in terms of the order of the Hon'ble Supreme Court of India.
16. The Application filed by the Applicant along with his other submissions have been examined. The following has been observed in respect of the same.

Provisions of Regulations 20(1) and 20(5) of the SAST Regulations, 2011

17. The Applicant requested for exemption under Regulation 11(1) of SAST Regulations, 2011 from the strict enforcement of Regulations 20(1) and 20(5) of SAST Regulations, 2011 thereby permitting him to make public announcement of a competing open offer.
18. The Applicant has contended before the Hon'ble Supreme Court that the date on which the public announcement was made by the Burman Group would be January 18, 2025. As per the Applicant, the approval was initially not given by the RBI and was finally granted on December 09, 2024. The Applicant's case is that the object and purpose of making a public offer is to ensure that the members of the public, who hold shares, can offload and sell their shares to the group which is acquiring shares at the threshold limit and which may, thereupon, have a say or control over the management of the company. Target Company had to seek approval from the RBI. The Applicant submitted that as

the public offer was dated January 18, 2025, its application would be within the time period, as prescribed under Regulation 20 of the SAST Regulations, 2011.

19. As per the order of the Hon'ble Supreme Court of India dated February 07, 2025, the question to be decided in this matter relates to the date of public announcement of the open offer, as contemplated in Regulation 20(1) of the SAST Regulations, 2011.
20. I note that as per Regulation 13(1) of the SAST Regulations, 2011, *"The public announcement referred to in regulation 3 and regulation 4 shall be made in accordance with regulation 14 and regulation 15, on the date of agreeing to acquire shares or voting rights in, or control over the target company.* Further, as per Regulation 13(2)(a), such public announcement, in the case of market purchases, has to be made prior to placement of the purchase order with the stock broker to acquire the shares, that would take the entitlement to voting rights beyond the stipulated thresholds.
21. I note that, as referred to in Paras 2 and 3 of this Order, the Burman Group had placed the purchase order for shares beyond the threshold limit and the public announcement on September 25, 2023. Accordingly, I find that the date of public announcement of the Burman Group has to be taken as September 25, 2023 and not January 18, 2025, as contended by the Applicant. I note that January 18, 2025 is the date of dispatch of letter of offer by the Burman Group and the same cannot be treated as the date of public announcement.
22. As per Regulation 20(1) of SAST Regulations, 2011, the public announcement of a competing open offer has to be made within fifteen working days of date of Detailed Public Statement (DPS) made by a proposed acquirer. Further, as per Regulation 20(5) of the SAST Regulations, 2011, no person shall be entitled to make a public announcement of open offer after fifteen working days from the date of publication of DPS until the expiry of offer period. In the instant case, it is noted that the DPS by the Burman Group was made on October 04, 2023. Accordingly, I find that the public announcement for competing open offer, in terms of Regulation 20(1) could have been made only within 15 working days of the DPS made by the acquirer who made the first public announcement, i.e.,

fifteen working days from the date of DPS, viz., October 04, 2023, which was made by the Burman Group.

23. As per Regulation 20(8) of SAST Regulations, 2011 the schedule of activities and tendering period for original and competing open offer has to be carried out with identical timelines. The intent of Regulation 20(8) of SAST Regulations, 2011 is that both open offers (original open offer and competing open offer) run parallel to each other, so that they are competing with each other whereby shareholders can tender shares in either of the open offer. However, in the instant case, the tendering period of Burman Group's open offer opened on January 27, 2025 and would have closed on February 07, 2025. In this situation, if the competing open offer is allowed to be made near to the close of the open offer, as in the instant case, the same would result in a never-ending process, which would go against the interests of the shareholders. The same is not the intent of Regulation 20(8) of SAST Regulations, 2011.
24. Further as on February 13, 2025, a total of 2,31,025 shares have already been tendered in the open offer made by Burman Group. In this situation, if the competing open offer is allowed to be made by the Applicant, the shareholders who have tendered shares in the open offer made by Burman Group would be unable to participate in competing open offer.
25. It is important to note that although the Applicant and the Petitioner before the Hon'ble High Court had sought the relief of stay of the open offer by the Burman Group from the Hon'ble High Court of Delhi and the Hon'ble Supreme Court, the said relief was not granted.
26. The Applicant before the Hon'ble Supreme Court had also pleaded that the public offer should be the higher of the two – the acquisition price (as on September 25, 2023) or the market price prevailing on January 18, 2025 (which is claimed by the Applicant as the date of public announcement). In this regard, it has already been observed above that the date of public announcement was September 25, 2023 and not January 18, 2025. As the purchase order for acquisition of shares and the public announcement were made on the same date, i.e., September 25, 2023, the question of difference in price does not arise. I note that the offer price in this case has been calculated in the specified

manner, which is provided under Regulation 8(2) of the SAST Regulations, 2011.

Regulatory approvals required

27. As the Applicant has sought to make a competing open offer for 55% of the outstanding share capital of the Target Company, any such open offer can succeed only if required regulatory approvals are obtained by the Applicant from various regulators, including SEBI and RBI. It is noted that the Applicant is yet to apply for any of such approvals. Further, even if applications are made by the Applicant for such approvals, there is no certainty that the approvals would be granted in the first place. Further, it is noted that in case the Applicant applies for various regulatory approvals, the processing of such applications is likely to take time.
28. In the given scenario, if the competing open offer is allowed to be made by the Applicant, the same would entail keeping the open offer process by the Burman Group on hold for an uncertain period in a situation where the decision of regulators on the competing open offer cannot even be predicted. The same shall not only be prejudicial to the interest of the Burman Group, an existing shareholder of the Target Company, which has devoted considerable effort, time and resources to be able to make the open offer, but also to the shareholders who have already tendered shares in the open offer by Burman Group. In case, Applicant is unable to receive the required statutory or government approvals, the competing open offer would become infructuous. In such a scenario, the entire exercise of keeping Burman Group's open offer on hold will be futile. It is important to note that Burman Group is a stakeholder in this process and as a shareholder of the Target Company, is entitled to protection of its rights, just like other shareholders.

Monetary resources for making competing open offer

29. As per Regulation 25(1) of the SAST Regulations, 2011, *"Prior to making the public announcement of an open offer for acquiring shares under these regulations, the acquirer shall ensure that firm financial arrangements have been made for fulfilling the payment obligations under the open offer and that the acquirer is able to implement the open offer, subject to any statutory approvals for the open offer that may be necessary."*

30. It is noted that although the price offered by Applicant in the proposed competing open offer is Rs. 275 per equity share, (a premium of Rs.40 per equity share over the offer made by the Burman Group), the Applicant has failed to demonstrate his ability to meet the financial obligation for making the competing open offer.
31. As on the date of this order, the Applicant has failed to deposit Rs.600 Crore, as directed by the Hon'ble Supreme Court of India vide its order dated February 07, 2025 read with order dated February 12, 2025, which would have shown the Applicant's commitment towards making the competing open offer. In the absence of adequate proof of financial resources required for making the competing open offer, the Application by the Applicant does not appear to be bonafide. It seems frivolous and aimed solely at hindering the open offer process.
32. The right of a bonafide applicant to make an independent open offer is not curtailed in any manner. Given the same, at this stage, it does not seem appropriate to allow competing open offer by the Applicant, only on the ground that the price offered by the Applicant is more than the price offered by the Burman Group.
33. Having observed as above, I note that the role of the Applicant's Merchant Banker, PL Capital Markets Pvt. Ltd., calls into question its role in doing the due diligence while taking on the assignment of the competing open offer. The Applicant paid the application money days after submitting the Application and that too after a query was made in this regard by SEBI. The Merchant Banker, during the hearing today, appeared clueless about the credentials of the Applicant and was found to have failed to do proper due diligence and KYC of his client before accepting the mandate.
34. Having considered the above-mentioned factors in totality, I am of the view that the grant of exemption sought by the Applicant would not be in the interest of the shareholders. A competing offer, which is not backed by financial capability, would disrupt market dynamics and erode investor confidence. In view of the above, I do not deem it fit to grant the exemptions, as sought by the Applicant.

Directions

35. In view of the observations and findings recorded in the preceding paragraphs and in order to protect the interests of the shareholders of the Target Company, I, in exercise of the powers conferred upon me under Sections 11(1) and 11(2)(h) read with Section 19 of the SEBI Act, 1992 and Regulations 11(5) and 32 of SAST Regulations, 2011 hereby dispose of the Application dated February 01, 2025 filed by the Applicant.
36. This Order shall come into effect immediately.
37. A copy of this order shall be served upon the Applicant for information.

DATE: FEBRUARY 14, 2025
PLACE: MUMBAI

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA